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August 31, 2004

SENT VIA E-MAIL

Ms. Jean A. Webb
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Submission pursuant to Commission Regulation Section 40.6(a)

Dear Ms. Webb:

- I. **Certification.** The Kansas City Board of Trade ("KCBT") hereby gives notification to the Commission pursuant to Commission Regulation Section 40.6(a), of its intention to amend Rules 2412.00 and 2612.00 pertaining to the minimum price fluctuation (tick size) for trading Value Line stock index futures and options contracts. The Board of Directors, in a regular meeting held on August 31, 2004, acting pursuant to authority granted them under Rules 2403.00 and 2601.00, approved the aforementioned amendments. KCBT certifies to the Commission that the amendments to Rules 2412.00 and 2612.00 are in compliance with the Commodity Exchange Act and the regulations thereunder.
- II. **Date of Implementation.** Amended Rules 2412.00 and 2612.00 shall become effective as of the launch date of the exchange's Electronic Trading System, currently estimated to be sometime in December of this year.
- III. **Substantive Opposing Views.** To the knowledge of the Board of Directors and staff, no substantive opposing views were expressed by members or others regarding amended Rules 2412.00 and 2612.00.
- IV. **Text of Amended Rules.** The text of the amended Rules is shown as follows, with additions underlined and deletions lined out:

2412.00 Minimum Fluctuations. The minimum fluctuation is measured in .10 ~~.05~~ in terms of the Value Line Index, or \$10.00 ~~\$5.00~~ per fluctuation in the contract value

2612.00 Bids And Offers. Bids and offers for options shall be measured and expressed in increments of .10 ~~.05~~ points (\$10) ~~(\$5)~~ per option on one futures contract. However, for options valued at less than .10 ~~.05~~ points, the option premium may be equal to \$1.00 (one dollar) per option contract.

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- V. **Rationale for Action Taken.** The Board amended Rules 2412.00 and 2612.00 in response to trader requests to make the minimum tick dollar value (\$10) match that of other stock index products traded. Further, since a very limited number of actual trades are done in increments of .05, the amendment will reduce the number of ticks viewed in the electronic order book, which should result in increased market user efficiency.

Any questions regarding this submission should be directed to the undersigned at 816-753-7500.

Sincerely,

Jeff C. Borchardt
President

Cc: Rick Shilts – CFTC Washington
Tom Bloom – CFTC Kansas City
Robin Hagedorn – CFTC Kansas City